(b) if so, whether Government proposes to set up a Commission on Poverty Amelioration representing different shades of ideological opinions and examine all aspects mentioned in the FAO report in relation to India; and

(c) what remedial steps Government has taken so far or propose to take to remove hunger from the country?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) In the Global Hunger Index released by the International Food Policy Research Institute in October, 2009, India has been ranked at number 65 out of 84 countries.

(b) No, Sir.

(c) In order to improve food security and nutritional status of the people, Government is implementing various schemes/programmes. Government allocates foodgrains at subsidized prices to States and Union Territories under Targeted Public Distribution System (TPDS) for 6.52 crore Below Poverty Line (BPL) and Antyodaya Anna Yojana (AAY) families @ 35kg/family/month. Allocations for Above Poverty Line (APL) category are also made at subsidized prices depending upon their availability in the Central Pool. Presently these allocations range between 10 to 35 kg/month/family in different States & Union Territories. Government also implements several other welfare schemes for different sections of society like Integrated Child Development Services Scheme (ICDS). which aims at improving the nutrition and health status of pre-school children in age group of 0-6 years as also pregnant women and nursing mothers, and mid-day-meal scheme for primary and upper primary school children in government, government-aided and local body schools in the country. Besides, several other schemes such as Annapoorna Scheme, Village Grains Banks Scheme. Emergency Feeding Programme in KBK districts of Orissa, Scheme for supply of foodgrains for hostels and welfare institutions, and Nutritional Programme for Adolescent Girls (NPAG) are also being implemented by various Central Ministries in partnership with State and Union Territory Governments.

Further, Government proposes to enact National Food Security Act as announced by Hon'ble President of India in her address to joint session of Parliament on 04.06.2009.

Futures trading in essential commodities

198. SHRI PENUMALLI MADHU: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the steps taken by Government to address the price rise and drought-related problems prevailing in the country;

(b) whether it is a fact that futures trading in essential commodities is an important factor for price rise in the country; and

(c) the reasons for not banning futures trade in essential commodities?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) The steps taken by Government to address the price rise and drought-related problems prevailing in the country are given in the enclosed Statement (*See* below).

(b) and (c) No Sir. It has been observed in recent period that commodities in which there are no futures trading have shown sharp acceleration in price rise. For instance there is no future trading in Urad and Tur since January 2007 when it was suspended. But the prices of these commodities are showing sharp increase during 2008-09. The year-on-year price increase (in terms of Wholesale Price Index) at the end of financial year 2008-09 (29.3.2009) was 14.7% for Urad and 17.1% for Tur. During the year 2009-10 (as on 17.10.09) Y-o-Y increase was 20.6% and 56.6% for Urad and Tur respectively. As against this there is futures trading in Gram. Year on Year change of Prices of Gram was negative at (-)6.8% in 2008-09 and(-)4.2% during 2009-10 (as on 17.10.09) respectively. The Futures trading in wheat has been restarted recently. The prices of wheat are stable with modest increase of 4.53% in 2008-09 and 6.8% during 2009-10 (as on 17.10.09). Futures trading give only the advance and aggregated information of the likely price scenario of a particular commodity at future date. It is only a messenger of future event and not the cause of the same.

In the context of discussion regarding whether and to what extent futures trading in agricultural commodities influence the wholesale and retail prices of these commodities, the Government had set up an Expert Committee to study this aspect. The Expert Committee set up by the Government analyzed the daily, weekly and monthly data on price volatility (spot price). The analysis made by the Expert Committee led it to conclude as follows:

"Given these conflicting results from daily as against weekly and monthly data, no strong conclusion can be drawn on whether introduction of futures trade is associated with decrease or increase in spot price volatility".

The Expert Committee also analyzed annual growth rate in prices of sensitive commodities (food grains and sugar) in pre-future period and post future period and concluded that although inflation clearly increased post-futures in some sensitive commodities that have higher weight in consumer price indices, it is not possible to make any general claim that inflation accelerated more in commodities with futures trading.

Therefore, the Expert Committee found that there is no conclusive link between futures trading and rise in prices of the commodities.

Statement

A. Steps taken to address the price rise in the country:

1. **Fiscal Measures**

- Reduced import duties to zero - for sugar, rice, wheat, pulses, edible oils (crude) and maize;
- Reduced import duties on refined & hydrogenated oils & vegetable oils to 7.5%;
- Allowed import of raw sugar at zero duty under O.G.L upto 1.8.2009 by sugar mills (notified on 17.4.2009). This has since been extended up to 31.3.2010.
- Allowed import of raw sugar at zero duty under O.G.L. up to 01.08.2009 by sugar mills (notified on 17.04.2009). This has since been extended up to 31.3.2010 (notified on 17.4.2009). Furthermore, import of raw sugar has been opened to private trade up to 31.3.2010 for being processed by domestic factories on job basis (notified on 31.7.2009).
- Allowed import of white/refined sugar by STC/MMTC/PEC and NAFED up to 1 million tons by 01.08.2009 under O.G.L. at zero duty (notified on 17.04.2009). This has since been extended upto 30.11.2009. Furthermore, the duty free import of white/refined sugar under OGL has been opened to other Central/State Government agencies and to private trade in addition to existing designated agencies.
- Removed levy obligation in respect of imported raw sugar and white/refined sugar.

2. **Administrative Measures**

- Permitted the export of edible oils in branded consumer packs of up to 5 kgs, subject to a limit of 10,000 tonnes up to 30th September 2010.
- Permitted export of wheat and wheat products (atta, maida and suji) on private account after 15th May 2009, with a cap of 2 million tonnes in 2009-10.
- Banned export of non-basmati rice, edible oils and pulses (except kabuli chana).
- Effected no changes in Tariff Rate Values of edible oils;
- Imposed stock limit orders in the case of paddy, rice, pulses, sugar, edible oils and edible oilseeds upto 31.9.2010;
- Using Minimum Export Price (MEP) to regulate exports of onion (averaging at $445 per tonne for October 2009) and basmati rice ($900 PMT);
- Maintaining the Central Issue Price (CIP) for rice (at Rs 5.65 per kg for BPL and Rs 3 per kg for AAY) and wheat (at Rs 4.15 per kg for BPL and Rs 2 per kg for AAY) over the last five years;

- Futures trading in Rice, Urad and Tur suspended by the Forward Market Commission in the year 2007-08 and continues during 2009-10. Futures trading in sugar was suspended *w.e.f.* 27.5.2009 upto 31st December, 2009. Ban on Futures trading in wheat, which was invoked during 2007-08 , was revoked on 14.5.2009.

- Distribution of imported edible oils to States/UTs at a subsidy of Rs.15/kg.

- To augment availability of pulses, permitted the Public Sector Undertakings (namely, STC, MMTC, and PEC) and NAFED to import and sell pulses under a scheme and the losses, if any, up to 15% are reimbursed by the Government.

- Distribution of imported pulses through PDS at a subsidy of Rs. 10 per kg to State Governments.

- Permitted sugar factories to sell processed raw sugar in the domestic market and fulfil export obligation on ton to ton basis.

- Increased quota of levy sugar to 20% with effect from 1.10.2009

- For the month of Nov, 2009, a quantity of 15.00 lakh tons of non levy sugar has been made available which includes 10.50 lakh tons of normal non-levy sugar and 1.45 lakh tons of refined raw sugar imported by sugar mills. The estimated availability out of imported white/refined sugar is about 1.50 lac ton. Besides, the validity period of Oct. 2009 non-levy quota has since been extended for the first fortnight up to 25.10.2009 and for the second fortnight upto 10.11.2009, it is expected about 1.55 lakh ton of sugar would be spill over quota of Oct. 09.

B. Steps taken to address drought-related problems prevailing in the country:

1. **Agriculture**

- States were requested to prepare alternate plan for unsown/germination failed areas with short duration/alternate crops.

- "Diesel Subsidy" scheme for the farmers was announced to enable providing supplementary protective irrigation to the standing crops. (50% of the cost of subsidy with cap for Rs. 7.50/litre, given by the States, will be borne by the Central Government). The scheme was under implementation upto 30.9.2009. Accordingly to available information, the scheme was implemented by Assam, Bihar, Jharkhand and Tamil Nadu.

- Use of Truthfully Labelled (TL) seeds, relaxation of age for seed varieties and distribution of minikits allowed under the Government Programmes (NFSM, RKVY).

- Area specific approach adopted to achieve higher production through provisioning of inputs like, fertilizers, credit, pest control measures, etc. in the area with higher rainfall.

- Agricultural advisories for appropriate crop programme were telecast/broadcast through media for the benefit of the farmers.

- Scientists from ICAR Institutions, Krishi Vigyan Kendras (KVKs) as well as experts of National Rainfed Area Authority (NRAA) helped the States in their efforts to counter the impact of deficit rainfall/drought situation, on agriculture.

- Zonal Conferences and Rabi Campaign Sponsored Programmes, like RKVY, NFSM, NHM, MMA, etc. to enable taking up agriculture reconstruction programme.

2. **Power**

- Additional allocation Power from Central Pool to Andhra Pradesh, Assam, Bihar, Haryana and Punjab.

3. **Fodder Position**

- On the basis of information gathered though Video Conferences held on 5th and 6th October, 2009, fodder availability position in the drought affected States is satisfactory.

4. **Water Resources**

- Contingency Plan for enhancing water for irrigation and restricting water for other users was issued to the States by the Ministry of Water Resources.

- Weekly Monitoring of Rainfall and Storage in major reservoirs by the Ministry of Water Resources.

5. **Drinking Water Supply**

- Activating Contingency Plan for ensuring availability of drinking water in rural & urban areas and advisory issued to all states for prudent use of available water judiciously.

- Monitoring of the Drinking Water Status in rural areas and support through Accelerated Rural Water Supply Programme (ARWSP).

6. **Monitoring**

- Empowered Group of Ministers (EGoM) formed to review the conditions and take appropriate decisions to counter the impact of drought. EGoM met twice on 25th August and 17th September, 2009 and reviewed the situation.

- IMG on Drought, headed by Secretary (A&C), is reviewing the situation periodically.

- Chief Secretaries' Conference held on 8.8.2009.

- In the Chief Ministries' Conference on Internal Security held on 17.8.2009, situation arising out of deficit rainfall was discussed. Agriculture Minister addressed the Chief Ministries in the Conference and requested them to take appropriate remedial actions to mitigate the impact of drought.

- State Agriculture Ministers Conference held on 21.8.2009 to review the position and facilitate drawing up and implementing appropriate Agriculture & Constructive Action Plan.
- A meeting of Relief Commissioners of drought affected States held on 27th August 2009 to review measures being taken to reduce the impact of drought.
- Rabi 2009 Conference held on 24-25 September, 2009.
- Video Conference held on 5th & 6th October, 2009 with the drought declared States including some other States *viz.* Tamil Nadu, Punjab, Haryana & Gujarat to review the issues relating to drought management, preparedness for Rabi season and status of implementation and expenditure under the Centrally Sponsored Scheme.

Scheme for 25 kg. rice at Rs. 3 per kg.

199. DR. K. MALAISAMY: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether it is a fact that Government is proposing to issue 25 kg. of rice in a month at Rs. 3 per kg.;

(b) if so, when it will be issued;

(c) the financial commitment to Government by this scheme every year; and

(d) the political implication of this scheme?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) Yes, Sir. Foodgrains are allocated to States/Union Territories under Targeted Public Distribution System for their distribution to ration cardholders at subsidized prices. Government proposes to enact National Food Security Act as announced by the Honourable President of India in her address to the Joint Session of Parliament on 4th June, 2009.

(b) to (d) At present, Government is examining various aspects of the proposed law.

Implementation of PDS

200. DR. K.MALAISAMY: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Public Distribution Scheme would be a success when it is not well organised in many States and is subject to a lot of misuse;

(b) the foolproof system contemplated to ensure effective and successful implementation of the scheme; and

(c) the measures to avert political interference in terms of selection of beneficiaries and to ensure right quantity and quality at right time to the beneficiaries?